

Financial Institutions Committee
Business Law Section, State Bar of California

**RECENT DEVELOPMENTS REGARDING
OFFICE OF THRIFT SUPERVISION (OTS) REGULATION OF
SAVINGS AND LOAN HOLDING COMPANIES**

1. New Quarterly Reporting (TFR) Requirements

1. Effective beginning the quarter ending March 31, 2001, a savings association will be required to include in its quarterly Thrift Financial Reports (TFR) selected consolidated financial information regarding its Atop® holding company (as designated by the OTS).
2. Information to be collected (item number).
 1. Total assets (HC 200).
 2. Total liabilities (HC 300).
 3. Total equity (HC 400).
 4. Intangible assets and deferred policy acquisition costs (HC 510).
 5. Debt maturing within the next 12 months (excluding deposits) (HC 520).
 6. All other debt (excluding deposits) (HC 530)
 7. Net cash flow from operations for the quarter (HC 540).
 8. Net income for the quarter (HC 550).
 9. Interest expense for the quarter (HC 560).
3. Holding company information will be due 45 days after quarter end to coincide with SEC filings. Holding company information will kept confidential.

2. Proposed Holding Company 30 Days= Notice for Certain Transactions

1. The OTS has proposed to require that savings and loan holding company provide the OTS with 30 days= prior notice of certain transactions involving increased corporate debt, reduced tangible capital or asset acquisitions. Published on October 27, 2000 (65 Fed Reg 64392), the comment period on this proposal has been extended to February 9, 2001 (65 Fed Reg 77528, December 12, 2000).

2. Who's covered B all registered savings and loan holding companies (and indirectly their consolidated non-thrift subsidiaries) except if:
 1. the assets of the subsidiary savings association(s) represent less than 20 percent of the holding company's consolidated assets, or
 2. the holding company will have at least ten percent consolidated capital after giving effect to the proposed transaction.
3. What transactions require a notice:
 1. A debt related transaction that will result in a cumulative five percent increase in the holding company's consolidated non-thrift liabilities over the previous 12 months, provided that, after such transaction, the holding company's consolidated non-thrift liabilities equals 50 percent or more of consolidated tangible capital.
 2. A holding company acquisition (other than cash, cash equivalents, U.S. securities, etc.) that, when aggregated with similar transactions over the previous 12 months, would exceed 15 percent of consolidated assets.
 3. Any capital reducing transaction that, when aggregated with other capital reducing transactions over the previous 12 months, would reduce consolidated tangible capital by ten percent or more, or would cause tangible capital to be below zero.
 4. Other types of transactions identified by the OTS Regional Director on a case-by-case basis.
4. The notice must describe the transaction in detail and its impact upon the subsidiary savings association. A schedule of transactions (for a period up to 12 months) may be combined in a single notice. A notice may also be combined with an OTS application.
5. The OTS will disapprove of the proposed transaction if it determines that the transaction poses a material risk to the safety, soundness or stability of the subsidiary savings association. The normal review period is 30 days (but may be extended by the OTS for an additional 30 days).

3. Proposed Regulatory Capital Regulations

Concurrently with the 30 days= notice rule, the OTS also proposed to memorialize its current practices regarding establishing minimum regulatory capital requirements for savings and loan holding companies on a case-by-case basis.